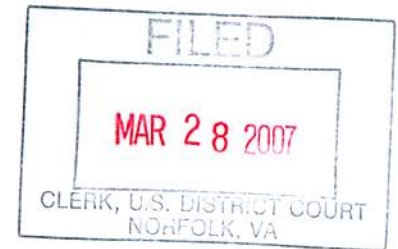


UNITED STATES DISTRICT COURT  
EASTERN DISTRICT OF VIRGINIA  
NORFOLK DIVISION



JTH TAX, INC. d/b/a LIBERTY TAX  
SERVICE,

Plaintiff,

Civil No. 2:07cv154

v.

NIEN VAN,

Defendant.

Declaration of Cory Hughes

Pursuant to 28 U.S.C. § 1746, I, Cory Hughes, having personal knowledge of the facts herein state under oath as follows:

1. I have served as the Assistant Vice President of Area Developer Operations for JTH Tax, Inc. d/b/a Liberty Tax Service ["Liberty"] since May 2006. From December 2003 until April 2006, I served as an Assistant Regional Director for Liberty in Kansas City, Missouri.

2. In January 2003, Nien Van commenced operation of a Liberty Tax office within the territory TX272 located at 235 South Commercial Street, Aransas Pass, Texas.

3. On March 13, 2007, Nien Van ["Van"] was sent a letter of termination as a result of her unauthorized operation of an office in Rockport, Texas which is outside of the franchise territory purchased by Van and without Liberty's permission. Ex. 1.

4. Liberty does not have and has never approved an office in Rockport, Texas.

5. The letter of termination sent to Van reiterates the post termination obligations contained in Van's franchise agreement and states, in part, that Van must immediately:

- Refrain from any further use of any of the licensed marks;

- Not identify herself as a current or former franchisee of ours;
- Pay to us all monies owing;
- Transfer all telephone numbers used in relation to the Franchised Business to us;
- Deliver to us all paper and electronic copies of her customer lists, tax returns, files and records;
- Deliver to us the Operations Manual and all updates which we loaned to her; and
- Comply with the post-termination non-competition obligations found in paragraph 10 of the franchise agreement.

6. Van has refused to comply with any of her post termination obligations and has instead retained her client files, retained the Operations Manual which Liberty loaned to her, retained her former Liberty telephone number and refused to cease identification under Liberty's federally registered trademarks.

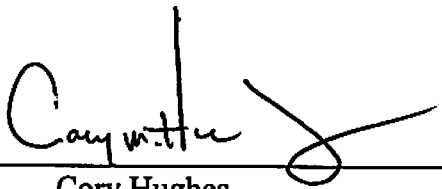
7. It is extremely damaging to Liberty to continue to allow Van to carry on business as a tax preparer in violation of his non-compete agreement in that it undermines our contract with other franchisees and makes it more difficult to retain and grow the customer base that Lee previously served as a Liberty Tax franchisee.

8. Liberty currently has approximately 1500 franchisees throughout the United States.

9. Van's operation of an unauthorized Liberty office and her refusal to cease operation as a tax preparer and comply with her post termination obligations injures Liberty and our current franchisees who have invested significant time, energy and finances into operating a Liberty Tax franchise.

I declare under penalty of perjury that the foregoing is true and correct.

Executed on this 23 day of March 2007.

  
Cory Hughes

March 13, 2007

Ms. Nien Van  
1514 Wildcat Drive  
Portland, TX 78374

Re: Termination of Franchise Agreement

Dear Ms. Van,

This letter is to advise you that effective immediately the franchise agreement between yourself and Liberty Tax Service for the territory known as TX272 is hereby terminated pursuant to paragraph 8(b)(vi) therein. This termination is based upon your operation of an office outside of the franchise territory that you purchased without our permission.

In addition to the violation of paragraph 8(b)(vi), you also violated paragraph 6(b) of your franchise agreement in that you used our marks, and marks that could be confused with our marks, without our prior approval.

This letter is to further advise that since you are now terminated you are obligated to comply with the provisions of paragraph 9 of your franchise agreement, including but not limited to the following:

- \*Remove all Liberty signs from your offices and other premises;
- \*Refrain from any further use of any of the licensed marks;
- \*Not identify yourself as a current or former franchisee of ours;
- \*Pay to us all amounts due;
- \*Transfer all telephone numbers used in relation to the Franchised Business to us;
- \*Deliver to us all paper and electronic copies of your customer lists, tax returns, files and records; and
- \*Deliver to us the Operations Manual and all updates which we loaned to you.

You are further required to comply with the post-termination non-competition obligations found in paragraph 10 of your franchise agreement.

Please contact your area developer or Cory Hughes at 800-790-3863 if you have any questions and to make arrangements to comply with the above. Thank you for your attention to this matter.

Sincerely,

Kathleen Curry



**UPS Receipt**

1ZE265W30195945958

Transaction Date: 13 Mar 2007 - Keep Record

**ADDRESS INFORMATION**

<b>SHIP TO</b>	<b>SHIPPER</b>	<b>ORIGIN</b>
NIEN VAN	LIBERTY TAX SERVICE - MR	VIRGINIA BEACH VA 23454
1514 HILOCAT DRIVE	1716 CORPORATE LANDING PKW	
PORTLAND TX 78374	VIRGINIA BEACH VA 23454	

**SHIPMENT DETAILS****Shipping Charges in USD**

Service: UPS NEXT DAY AIR  
 Guaranteed By:: 10:30 AM, Wed. 14 Mar. 2007

Shipping: 22.79

**PACKAGE DETAILS**

Pkg Tracking Number	Length	Height	Width	Weight
1 1ZE265W30195945958				Letter

**PAYMENT METHOD**

Bill Shipping Charges to: Shipper E265W3

Total: 22.79

1

CS 9.0.19.00 UXP1E60



International Shipping Notice - Consignee/consignor may be subject to the rules relating to liability and other terms and conditions established by the Convention for the Unification of Certain Rules Relating to International Carriage by Air (the "Warsaw Convention") prior to the Convention or the Contract for the International Carriage of Goods by Road (the "CMR Convention"). These conventions, together with relevant laws and regulations, apply to the extent of the Convention for the International Carriage of Goods by Road (the "CMR Convention"). For shipping details, call 1-800-768-7833.